

Agenda Date: May 28, 2015
Item Number: B1

Docket: TG-150435
Company Name: Yakima Waste Systems, Inc. Certificate No. G-89

Staff: Mike Young, Regulatory Services
Greg Hammond, Regulatory Services
John Cupp, Consumer Protection

Recommendation

Take no action, thereby allowing the tariff revisions filed by Yakima Waste Systems, Inc., on May 22, 2015, to become effective June 1, 2015, by operation of law.

Discussion

On March 13, 2015, Yakima Waste Systems, Inc., (Yakima or company), filed Tariff No. 11 with the Utilities and Transportation Commission (commission) that would generate approximately \$412,000 (4.5 percent) additional annual revenue. The proposed rates are intended to recover increased costs for wages, employee benefits, and equipment. The company's last general rate case became effective on January 1, 2014. The company serves approximately 23,000 regulated customers in Yakima County.

At issue in this filing was the compensation of the district manager, terminated employees, leave accruals and buyouts, and management bonuses. Staff did not include terminated employees in its payroll calculations or pro forma payroll adjustment. Staff also disallowed leave buyouts for certain managers as non-recurring costs. The company and staff disagreed on management bonuses, which make up a large portion of the total compensation for the district manager. Staff disallowed the portion of management bonuses not related to safety measures, as management bonuses are at the discretion of company shareholders and do not provide regulated customers with a direct benefit.

Staff has completed its review of the company's supporting documents and records and found the company demonstrated a need for only \$239,000 (2.6 percent) additional annual revenue. The company agreed to the lower revenue requirement and filed revised Tariff No. 11 on May 22, 2015. Staff finds the revised rates to be fair, just, reasonable, and sufficient.

SAMPLE RATE COMPARISON

	Current Rate	Proposed Rate	Percent Change		Revised Rate (Staff Proposed)	Current Rate v. Revised Rate Percent Change
Residential Garbage						
1 Can – Weekly Pickup	\$ 6.97	\$ 7.30	4.8%		\$ 7.15	2.6%
1 Can – Monthly Pickup	\$ 4.16	\$ 4.36	4.8%		\$ 4.27	2.6%
48 Gallon Toter – Weekly Pickup	\$ 9.95	\$ 10.43	4.8%		\$ 10.21	2.6%
Commercial Garbage						
1.5 Yard Container Per-Pickup	\$ 6.69	\$ 7.01	4.8%		\$ 6.86	2.6%
3 Yard Container Per-Pickup	\$ 11.96	\$ 12.53	4.8%		\$ 12.27	2.6%
6 Yard Container Per-Pickup	\$ 21.98	\$ 23.03	4.8%		\$ 22.55	2.6%
Roll-Off Garbage						
20 Yard Drop Box First Pickup	\$ 78.73	\$ 82.49	4.8%		\$ 80.78	2.6%
Residential Recycling						
64 Gallon Toter – Every Other Week Recycling	\$ 8.20	\$ 10.16	23.9%		\$ 9.56	16.6%
Yard Waste						
96 Gallon Toter – Every Other Week Yardwaste	\$ 10.78	\$ 9.44	-12.4%		\$ 10.78	0.0%

Customer Comments

On April 1, 2015, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns. Staff received five consumer comments; four opposed and one in favor of the proposed increase.

General Comments

- Several customers commented on the frequency of the company's rate increases. Other reasons given for opposing the increase are the rates are already too high, and that the company should tighten its belt.
- One customer commented that the company deserves an increase because it provides great service.

Staff Response

The customers were advised that state law requires rates to be fair, just, reasonable and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

Conclusion

Take no action, thereby allowing the tariff revisions filed by Yakima Waste Systems, Inc., on May 22, 2015, to become effective June 1, 2015, by operation of law.